

Before The
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Post Office Structure Plan

Docket No. N2012-2

INITIAL BRIEF OF ELAINE MITTLEMAN

(July 20, 2012)

Respectfully submitted,

/s/ Elaine Mittleman

Elaine Mittleman

2040 Arch Drive

Falls Church, VA 22043

(703) 734-0482

elainemittleman@msn.com

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INTRODUCTION AND BACKGROUND

On May 25, 2012, the United States Postal Service filed a Request for an Advisory Opinion on Changes in the Nature of Postal Services. The Postal Service explained that it intended to initiate the Post Office Structure Plan (“POStPlan”). That plan is an initiative to examine and consider changes to current operating methods and conditions including hours of operation, utilized to provide retail and other services and products at approximately 17,728 of the more than 32,000 Post Offices, stations and branches in its retail network. The POStPlan could result in: (1) upgrade of the Post Office Level; (2) realignment of retail window service hours to actual workload; or (3) discontinuance study. The Postal Service expects that approximately 4,561 post offices will not experience a reduction in hours. Postal management’s goal in pursuing the POStPlan is to improve efficiency and meet customer needs by matching retail hours and services to community postal needs and use patterns.

On May 31, 2012, the Commission issued a Notice and Order Concerning the Postal Service’s Request for an Advisory Opinion on its Post Office Structure Plan. The Commission established Docket No. N2012-2 to consider the Postal Service Request.

On July 11, 2012, a public hearing was held on the Postal Service's direct case. The witness for the Postal Service at the hearing was Jeffrey C. Day, Manager, Retail Operations in the Office of Delivery and Post Office Operations at Postal Service Headquarters.

Ms. Mittleman has intervened in this proceeding. She has become involved in post office matters after the Postal Service announced in September 2011 its plan to close the Pimmit Branch, which is located near her house. Since September 2011, Ms. Mittleman has spent considerable time studying the issues involving post office closings. She has also communicated with a number of post office customers in many locations to understand their thoughts about the closings and reduction in hours.

ARGUMENT

I. The Adjusted Earned Workload is calculated by a complicated equation.

The decisions about realignment of hours at post offices is based on the calculation of the Adjusted Earned Workload ("AEWL"). The Postal Service witness, Jeffrey C. Day, explained the use of the Adjusted Earned Workload in his Direct Testimony (USPS-T-1), filed on May 25, 2012.

The window service hours for post offices having 5.74 or fewer hours of AEWL and that are classified as a Remotely Managed Post Office

(“RMPO”), shown on p. 13 of the Direct Testimony, will be as follows:

AEWL of 4.00 to 5.74 hours Level 6 Daily Window Service Hours - 6

AEWL of 2.00 to 3.99 hours Level 4 Daily Window Service Hours - 4

AEWL of 0.00 to 1.99 hours Level 2 Daily Window Service Hours – 2

Mr. Day explained in the Direct Testimony at pp. 11-12 that:

In general, the window service hours of an RMPO will reflect earned workload. ... RMPOs and PTPOs [Part-Time Post Offices] will be evaluated through a modified Customer Service Variance (CSV) or Small Office Variance (SOV) program, and will be reviewed annually to determine appropriate window service hours for these offices.

Both CSV and SOV variance programs are management tools that provide workload, productivity, workhour, complement, and route and delivery analysis. These programs calculate actual versus earned performance against standardized target productivity expectations, and trend performance from national results to the unit level. CSV and SOV integrate locally reported unit workload data from multiple national data systems, and use data to identify savings opportunities in a relevant and actionable performance management platform. Both CSV and SOV use Point-of-Sale data where available and rely on an algorithm using revenue data for Post Offices that do not utilize Point-of-Sale terminals. Together, CSV and SOV provide for enhanced management through a standardized and intuitive format.

Certain columns in Library Reference No. 1 are calculations based on data from the errata to Library Reference No. 2. *See* Postal Service Response, filed on July 5, 2012, to Question No. 5 of Presiding Officer’s Information Request No. 4. This Response does not explain what are the

errata to Library Reference No. 2 and why there were errata.

This explanation of the data used to calculate AEWL indicates that the programs calculate actual versus earned performance against standardized target productivity expectations. It is not clear from this explanation which of the numbers used in the tables are based on actual performance. Further, it is not clear which numbers are pertinent to a review of actual business conducted at post offices. The CSV and SOV apparently are used as a performance management platform, but the Direct Testimony does not describe the function or mechanics of that management platform.

The information provided in the library references permits the calculation of the AEWL. The spreadsheet titled, "Summary," which is Library Reference USPS-LR-N2012-2/1, provides a summary of data used to calculate the new classification levels under the POSTPlan. The summary and related references indicate how the AEWL was calculated. The Adjusted Earned Workload is column AK of the Summary spreadsheet. The document titled, "Legend," which was provided in response to Question 5 of Presiding Officer's Information Request No. 4, describes the column headings in the Summary.

The equation to determine AK, which is Adjusted Earned Workload, is

developed below. It is assumed that the post office is open 308 days.

$$\begin{aligned}
 AK &= AG + AI \\
 &= AE / AF + AC / (AH * 5.5/6) \\
 &= (AB - AD) / 308 + (V + .1V) / (308 * 5.5/6) \\
 &= ((Z + AA) - (AC + W)) / 308 + (V + .1V) / (308 * 5.5/6) \\
 &= ((Z + .1Z) - ((V + .1V) + W)) / 308 + (V + .1V) / (308 * 5.5/6)
 \end{aligned}$$

Column AI includes an adjustment for 5.5 hours, rather than 6. The equation shown in the Legend appears to have the numbers 5.5 and 6 inverted, because it shows 6/5.5, rather than 5.5/6.

V is FY 2011 earned retail hours from Library Reference 2.

W is FY 2011 earned administrative hours from Library Reference 2.

Z is FY 2011 total variance model earned workload hours from Library Reference 2.

The calculation of AEWL is determined by using the equation with numbers plugged in for a specific post office. For purposes of example, the post office selected for the calculation is Innis, Louisiana 70747. There was an appeal, Docket No. A2011-34, to the Commission for that post office. By Order No. 974, issued on November 16, 2011, the Commission remanded the Final Determination to close the Innis post office.

The calculation of AEWL for the Innis post office is as follows:

$$AK = AG + AI$$

$$1.9 = 1.52 + 0.37$$

$$= AE / AF + AC / (AH * 5.5/6)$$

$$= 469.52 / 308 + 106.88 / (308 * 5.5/6)$$

$$= (AB - AD) / 308 + (V + .1V) / (308 * 5.5/6)$$

$$= (865.81 - 396.29) / 308 + (97.17 + 97.1) / (308 * 5.5/6)$$

$$= ((Z + AA) - (AC + W)) / 308 + (V + .1V) / (308 * 5.5/6)$$

$$= 787.1 + 78.71 - (106.88 + 289.4) / 308 + (97.17 + 97.1) / 282$$

$$= ((Z + .1Z) - ((V + .1V) + W)) / 308 + (V + .1V) / (308 * 5.5/6)$$

$$= (787.1 + 78.71 - (97.17 + 9.71 + 289.4)) / 308 + (97.17 + 97.1) / 282$$

These equations and calculations show how convoluted and obscure is the determination of AEWL. The resulting number may have only one decimal point and therefore appear to be a simple measure of actual hours worked at a post office. The calculation for Innis, Louisiana, shows that the

AEWL is 1.9. However, the lengthy calculation needed to result in that simple number is opaque and wholly unexplained. A postal patron attempting to understand or review the calculation of AEWL would face an extremely challenging task.

Further, the resulting calculations appear to be accurate and persuasive because of the apparent relationship to the proposed daily retail hours. This apparent relationship is illusory. In the case of Innis, Louisiana, the AEWL is 1.9. If the AEWL were 2.0, instead of 1.9, the Postal Service would propose that the post office daily hours should be 4 rather than 2. However, in light of the extensive mathematical maneuvering and complications of the data bases, the customers at the Innis post office would face a difficult burden to attempt to use the data bases and calculations to make an argument that the calculation should result in an AEWL of 2.0, instead of 1.9. In other words, someone reviewing the calculations would not have the ability to say – this number or that part of the equation should be revised. The customers are essentially powerless to suggest or propose a different daily hour determination based on a review of the calculations.

Even though the result of the AEWL calculation seems to be a simple number leading to a determination of 2, 4 or 6 retail hours, the calculation of

AEWL is complex and virtually impossible for a postal customer to understand. The Postal Service should provide an explanation and description of the AEWL calculation that postal customers can comprehend and review.

II. The POSTPlan does not consider information about actual towns and postal customers.

The POSTPlan is a top-down management strategy based on convoluted and unexplained data bases and equations. The plan fails to consider information about actual towns and post office customers.

At the hearing on July 11, 2012, there was a discussion about the effect on towns of reducing the daily hours to 2. The testimony of Mr. Day indicated that, in the vast majority of cases, there were no other businesses in towns proposed to be reduced to 2 hours of service. He noted that the post office was the last business in those towns. July 11, 2012, hearing Tr. 222.

The equation used by the Postal Service to determine the AEWL provides no information about whether a town has businesses and other organizations. Thus, the assumption that towns for which the post office hours will be reduced to 2 hours are dying towns with no other businesses is not supported by the record.

The impression given by the Postal Service that small towns are dying

towns is extremely troubling. A post office contributes to a small town in many ways, including providing convenient service for its customers. Those customers certainly include businesses which require timely and convenient service to carry out their daily responsibilities. The Postal Service would contribute significantly to damaging those communities and their businesses if it fails to provide adequate postal service. The businesses should not suffer from the discrimination of wholly inadequate postal service when they are competing with businesses in urban areas that either use FedEx and UPS or have convenient post office services.

In light of the testimony at the hearing about the lack of businesses in small towns, Ms. Mittleman has studied the status of several small towns. These towns are on the list of post offices whose hours will be reduced to 2 per day. Following is a discussion of certain small towns that are on the list of post offices to be reduced to 2 hours.

A. Innis, Louisiana 70747

As discussed above, the Final Determination to close the Innis, Louisiana post office was appealed to the Commission. On November 16, 2011, the Commission ordered that the Final Determination be remanded. Petitioner Larry Rabalais had proposed an alternative, but the Postal Service

did not discuss that alternative in the Final Determination. The Commission explained in its Order No. 974 at p. 13 that the failure of the Postal Service to consider the Rabalais Plan could be considered arbitrary and capricious.

The Final Determination for the Innis post office lists the businesses and organizations as “Prevailing Word Church, Good Faith Church, Saint Stevens Episcopal Church, Purpera Supermarket, Innis Hardware, Innis Water Co., Innis Library, and Golden Wings.” This list omitted the business, Terra-Jet U.S.A., for which Mr. Rabalais is the General Manager.

Innis has more businesses and organizations than those mentioned in the Final Determination. The brief filed on August 29, 2011, by Mr. Rabalais in A2011-34 has, as Exhibit E, photographs of many businesses in Innis. The businesses and organizations shown in the Rabalais brief include St. Vincent’s Catholic Church, Ewing’s Grocery, Innis Fire Station, Innis Senior Citizens Center, Innis Lumber Co., Cypress Lumber Company, Rock House Bar and Lounge, Precision Electronics, Masonic Lodge, Hair Works Salon, Innis Medical Clinic, Innis Dental Clinic, Sheriff Substation, Innis Outreach Office, and Sally’s Thrift Store.

This list makes it obvious that Innis is not a dying town in which the post office is the last thing standing.

B. Spring Dale, West Virginia 25986

The Final Determination to close the Spring Dale, West Virginia post office was appealed to the Commission. On February 27, 2012, the Commission issued Order No. 1262 in the Spring Dale appeal, No. A2012-68. That Order affirmed the Final Determination to close the Spring Dale post office. The Order noted at p. 11 that several petitioners had argued that alternative service would not work for the Spring Dale business community. The Postal Service explained that various options exist for shipping packages and that such shipping can be handled by the carrier.

At the July 11 hearing, Mr. Day explained that it may not be possible to call at 1 p.m. to request package pick-up at 2 p.m. Tr. 221. It may be possible for a carrier to pick up packages when the carrier is on the route. However, if a business has a deadline or wants to ship packages at the end of the business day, it is doubtful that a carrier pick-up is a workable choice.

The Final Determination for the Spring Dale post office lists the businesses and organization as “Spring Dale Church of Christ, Spring Dale Baptist Church, Spring Dale Catholic Church, H & R. Dist., Bushwackers, McClung’s Sawmill, Walker’s Auto Sales, Simms Trucking, McClintic Company, Betty’s Baskets, West Virginia Solar, Jessie’s Sales, Hicks

Discount Store, Brown's Britanys, Alvarez Contractor, Greenbrier Graphics, and Integrated System." Based on this list in the Final Determination, Spring Dale has numerous business and organizations in the community. These businesses need convenient postal service to conduct business and send and receive packages.

C. Star Tannery, Virginia 22654

The Final Determination to close the Star Tannery, Virginia post office was appealed to the Commission. On December 6, 2011, the Commission issued Order No. 1025 in the Star Tannery appeal, No. A2011-46. That Order affirmed the Final Determination to close the Star Tannery post office.

In a concurring opinion, Chairman Goldway noted that recent news reports had indicated that the Postal Service had contracted to open a Village post office in Star Tannery. Chairman Goldway explained that she was gratified that the Postal Service had attempted to provide alternative access to postal services for the residents of Star Tannery.

According to the www.usps.com website, there is a Village post office in Star Tannery. The services available at that Village post office are Forever Stamps and Priority Mail Flat Rate Envelopes. The town of Star Tannery

was fortunate to have another business in which a Village post office could be operated.

If a town does not have any businesses other than the post office, then a Village post office would likely not be a possibility for alternative service. If the towns for which the hours are to be reduced to 2 in fact have no other businesses, then those towns would not have the opportunity to supplement the 2-hour service at a post office with a Village post office.

Based on the testimony at the July 11 hearing, it appears that the Postal Service plans to increase the number and availability of Village post offices. Mr. Day indicated that the Village post offices would be a supplement to and not a substitute for post offices. If there are towns in which the post office is the only business, then it is unlikely that a Village post office is feasible. Thus, it may be preferable to keep open those post offices in towns with no other businesses for more than 2 hours, because those towns will not have any supplemental service through a Village post office.

D. Cortland, Indiana 47228

Cortland, Indiana is a community in southern Indiana. Ms. Mittleman is familiar with Cortland, because it is near her home town of Seymour,

Indiana. In fact, the high school reunion for Ms. Mittleman's class from Seymour High School was held in Cortland.

Even though Cortland is a small community, it does have businesses and organizations. In preparing this brief, Ms. Mittleman had conversations with people in Cortland, who are familiar with the Cortland post office. The list of businesses and organizations that are in or near Cortland include Cortland Diner, WCT, Inc., Jackson Jennings Coop, Kova Fertilizer, The Farm Shop, Cortland Elementary School, Cortland Christian Church, Cort Acres, Rose Acre Farms, Rust Construction, Aquatic Control, Spring Hill Camp, Spray Sand & Gravel, Early Electric, Plumer Hay Farm, Myer Sod Farm, Hoene Excavating, and Spiehler Fish Farm.

The Postal Service website indicates that the Cortland post office has retail hours, lobby hours and post office box hours from 7:30 a.m. to 2:00 p.m. for Monday through Friday and 7:30 a.m. to 11:00 a.m. on Saturday. Thus, the retail hours for Monday through Friday are less than a full day.

The calculation for AEWL included an adjustment for reduced retail Saturday hours. *See* Direct Testimony of Jeffrey C. Day at p. 12, n. 8. However, it is not clear whether the AEWL equation also includes an adjustment for reduced retail hours for Monday through Friday. The Postal

Service should explain whether there is a factor or adjustment in calculating the AEWL for post offices with reduced retail hours for Monday through Friday. If there is no adjustment, then the Postal Service should revise the AEWL equation to include such an adjustment.

E. Fruitland, Iowa 52749

The Fruitland post office was destroyed by a tornado on June 1, 2007. The post office reopened in February 2010 on the foundation of the old post office. The mayor said he had received calls from many of Fruitland's more than 700 residents, asking when the post office would reopen. The mayor said that it was a "long-awaited day." *See* "Fruitland Post Office Destroyed by Tornado Reopens," KCRG-TV9, February 19, 2010.

<http://www.kcrg.com/internal?st=print&id=84798692&path=/news/local#>.

The residents of Fruitland were exhausted from the two-year effort to re-establish the post office after the 2007 tornado. Fruitland built a \$63,710 post office to meet U.S. Postal specifications before postal service was reinstated. *See* "We'll keep you posted: Area post offices get a welcome reprieve," Muscatine Journal, December 14, 2011,

http://muscatinejournal.com/news/local/we-ll-keep-you-posted-area-post-offices-get-a/article_86f6a306-26d4-11e1-bcef-001871e3ce6c.html?print=1.

The businesses and offices in Fruitland include Blue Flame propane business, New York Life Insurance, Mad Marv's restaurant, Pauline Foor tax services, and City Hall. See <http://ia-irectory.hometownlocator.com/search.pg?z=Fruitland%2C+IA&q=>.

In determining the hours for the Fruitland post office, it would seem that the Postal Service should consider the efforts made by the city of Fruitland to bring back the post office after its destruction in the 2007 tornado. Further, it is doubtful that the AEWL calculation includes any information about the challenges endured by Fruitland because of the tornado. The fact that the Fruitland post office was closed because of the tornado and reopened several years later may not be reflected in the data used to calculate AEWL. Thus, the decision to reduce the hours at the Fruitland post office to 2 may not be based upon an accurate evaluation of the circumstances in Fruitland.

III. The Postal Service should take specific measures to ensure that postal customers believe that their input in questionnaires and community meetings is important and will be considered.

In the last round of questionnaires and community meetings, many of the postal customers felt that the process was unfair and that the determinations had already been made. A common concern was that the

Postal Service had already made its decision and it was just going through the motions in conducting the community meetings. The appeals to the Commission include a large number of complaints and concerns about the fairness of the process. For example, in the Spring Dale, West Virginia appeal, petitioner Paul McClung expressed many concerns about the input from postal customers and the conduct of the community meeting. The Initial Brief of Petitioner Paul McClung in A2012-68 was filed with the Commission on December 19, 2011. The Brief states at p. 5 that the meeting was convened without consideration to date, time and place. Several customers, including business owners, had requested that the meeting be scheduled after 5 p.m., but that request was denied.

It is possible that the postal customers will be indifferent or even hostile to this new round of questionnaires and community meetings, particularly in light of the very unpleasant experiences of the last process. Further, the customers may feel that this is just one more effort to confuse and alienate them from using the Postal Service. The customers may also think that the last efforts were a waste of time, because the Postal Service plan was changed from closings to reduced hours. Even if the customers are glad that the post offices will remain open, they may wonder why so much

effort had been expended on the last plan.

It is not clear if the Postal Service intends to simply announce to the customers what their new daily hours will be or whether the customers are permitted any input or comment on the reduced hours. As discussed above, the equation used to calculate AEWL is almost incomprehensibly complicated. A postal customer would have virtually no opportunity or ability to calculate, comprehend and then discuss whether the projected daily hours, such as 2, 4 or 6, is the correct or fair number.

Further, the calculation seems to avoid using numbers and information that the postal customers would understand. For example, it is not clear that the calculation of AEWL includes the number of post office boxes at the post office, either the total number of boxes or the boxes being used. The number of post offices boxes seems to be a logical part of determining how busy a post office is. If the number of post office boxes is not included in the equation to determine AEWL, then that calculation seems to be omitting a significant item of information about how much a post office is used.

Similarly, it is not clear from the calculations if there is a measure of the number of post office boxes available at the nearby post offices. If customers need to move their post office box to a different location, it is

uncertain whether there will be post office boxes available. Even if the post office boxes can be accessed when the post office is closed, a customer may want to schedule trips to the post office box at a time when the post office is open. The customer may need to conduct other postal business and would require that the post office be open in addition to accessibility to the post office box. Also, there may be some post offices in which the post office boxes are not accessible when the post office is closed. If a postal customer can only access the post office box for 2 hours a day, that would be a major inconvenience. It is doubtful that many customers would continue to rent boxes that they can only access for 2 hours a day. The calculation of AEWL does not appear to factor in these considerations.

The Postal Service should seek to understand the views of its customers. However, the POSTPlan apparently determines the hours a post office will be open by a convoluted and unexplained set of equations. The Postal Service has not taken into account the opinions of the customers or the conditions in each town, such as the types of businesses and organizations, in determining the reduction in hours. It is doubtful that the Postal Service will seek any input at the community meetings from its customers about the number of hours because that number has already been

determined by a calculation.

The Postal Service has submitted a draft POSTPlan Customer Survey as Library Reference 13. Alternative 1 on the Survey states that “hours would be reduced from X:XX hours per weekday to XX hours per weekday.” This Survey does not give postal customers an opportunity to comment on the proposed number of hours. Further, the Survey states that the hours would be reduced “based on actual office workload.” It is difficult to understand how the extremely complicated calculation of AEWL is a determination of “actual office workload.” Instead, the calculation seems to be a composite of information from Postal Service data bases and management tools.

If a customer asks at a community meeting whether the hours can be increased and the response is that the hours have already been decided by the calculations at headquarters, the postal customers will likely feel further alienated from the Postal Service. They may ask themselves, as they did in the closing process, why is the Postal Service even conducting this meeting if it has already decided what it will do. To the extent that postal customers believe that the questionnaires and community meetings are only a formality and that the Postal Service does not care what they think, the process of

seeking customer input is largely a waste of time and money. The postal customers may conclude that conducting pointless meetings in which their input is not valued simply reinforces their dissatisfaction with the operations of the Postal Service.

If the Postal Service wishes to operate like a business, it should put customer satisfaction at the top of its list. Customer satisfaction is not enhanced by making management decisions based on algorithms, rather than on information about actual customer buying patterns and needs for service. What should a small town business owner say at the community meeting if that owner needs to have the post office open more than 2 hours per day? How will the Postal Service response to such a comment about the number of hours? Based on the testimony at the July 11 hearing, it appears that the Postal Service has simply assumed that there are no such business owners.

IV. The Postal Service does not support the POSTPlan by asserting that there will be an identified, specific cost savings.

The POSTPlan is not relying on any specific cost savings to support or justify the POSTPlan. There are many uncertainties about the calculation of cost savings. These uncertainties were addressed in many of the appeals to the Commission concerning closing post offices. The Postal Service apparently has abandoned its efforts to use cost savings to justify reducing

the retail hours.

In light of the Postal Service's statement that it is not relying upon cost savings to justify the POSTPlan, the Postal Service should provide a substantive justification for the POSTPlan. An assertion that the POSTPlan goal is to improve efficiency is too vague to justify such a sweeping revision of post office operations.

The Postal Service's discussion of revenues is even less specific than cost savings. The Postal Service apparently has taken the position that it cannot determine or predict changes in revenue from the POSTPlan. The actions of the Postal Service presumably are motivated by its serious financial position. However, the Postal Service has not offered a profit-and-loss statement or other documents to explain the contribution of retail post offices to its financial situation.

There may be a simple generally-accepted assumption that reducing post office hours will improve the financial situation of the Postal Service. However, that assumption may not be correct. It is possible that reducing hours will cause revenue to decline. Further, if the lease costs remain the same, there may be little savings in reducing hours. The Postal Service seems to assume that the cost savings will result from lower labor costs.

Whatever actual labor costs may be saved, there may be offsetting costs and revenue declines. In other words, it cannot be assumed without any proper analysis that reducing hours will result in improved profits (or a reduction in losses) for the Postal Service. The focus by the Postal Service on only one piece of a financial analysis – in this case, estimated reduced labor costs – does not provide a substantive evaluation of the POSTPlan's effect on the Postal Service's financial condition.

In order to address the problems with its financial situation, the Postal Service should provide operating, divisional or profit center information. It is possible that the losses incurred by the Postal Service are caused to a great extent by mandated prepayments for health-care and pension obligations and not by operational activities. Unless a complete picture of the Postal Service's financial status is presented, it is not possible to evaluate whether actions, such as reducing hours, will help or harm the financial status of the Postal Service.

The Postal Service should provide a substantive explanation supporting the POSTPlan and how it will benefit the Postal Service and postal customers. In light of the failure of the Postal Service to provide substantive profit and cost information, the POSTPlan cannot be justified

based on vague assumptions that it will improve the financial situation of the Postal Service.

V. The Postal Service should not engage in stringent lease negotiations, which may result in the loss of a post office because of the lack of a lease.

At the July 11, 2012, hearing, Chairman Goldway asked about lease negotiations for post offices. She was concerned that lease negotiators for the Postal Service were insisting on lower rents and other provisions that had not been part of previous contracts. These demands could result in landlords refusing to renew the lease. The result would be a suspension of the post office because there was no lease. July 11, 2012, hearing Tr. 294.

The Postal Service responded to the Presiding Officer's Information Request No. 5 concerning lease negotiations on July 16, 2012. In response to Question 3, the Postal Service stated that "Postal Service policy provides that suspensions should be avoided ... If leases cannot be renegotiated in the currently operating facility, the Postal Service will look for a suitable alternative facility. If a suitable alternative facility cannot be found, a discontinuance study will be initiated."

This response does not fully address the concerns expressed by Chairman Goldway about lease negotiations. Instead, it explains what will

happen if leases cannot be renegotiated.

There have been recent reports of post offices having to be relocated because of failed lease negotiations. The Redmond, Washington post office will move to a new facility on July 30, 2012. The site of the downtown post office had been sold. There were reports that the Postal Service had indicated it would move to a downtown post office only a few blocks away. However, the post office apparently is being relocated to the mail processing facility in east Redmond. There will be no downtown post office. For a community that emphasizes walking and bicycling, this new location will be very inconvenient. It is not clear whether the Postal Service pursued lease negotiations for other sites downtown or whether it simply decided to relocate to a facility that was not downtown. The relocation is discussed in “United States Postal Service closing Redmond’s downtown post office in July,” Northwest Progressive Institute Advocate, June 27, 2012, <http://www.nwprogressive.org/weblog/2012/06/united-states-postal-service-closing-redmonds-downtown-post-office-in-july.html>.

The Southboro post office in West Palm Beach, Florida was closed due to an emergency suspension on July 14, 2012. It is possible that unsuccessful lease negotiations led to this emergency suspension. Further,

an emergency suspension may then lead to a discontinuance. This emergency suspension was discussed in “Customers say farewells at closing West Palm Beach post office,” Palm Beach Post, July 13, 2012, <http://www.palmbeachpost.com/news/business/customers-say-farewells-at-closing-west-palm-beach/nPsSk/>.

An unexpected closing of the post office in New Home, Texas has just occurred. The postal official explained that this was a contract facility and that, from time-to-time, the Postal Service has reasons to suspend operations. The closing was discussed in a news report, “New Home post office unexpectedly shuts down,” Myfoxlubbock, July 18, 2012. http://www.myfoxlubbock.com/news/local/story/New-Home-Sam-Bolen-United-States-Postal-Service/zLcbfBPPz0-B7kXpGi_zA.csp.

There has been controversy about the planned relocation of the post office in Bayside, New York. U.S. Rep. Gary Ackerman indicated that the post office plans to move the facility to a carrier annex located near a cemetery. Rep. Ackerman explained that the proposed move is to a geographically isolated location, which is less accessible and convenient for post office customers. The closing controversy is discussed in “Bayside reacts to post office’s closure rumors,” Queenscampaigher, July 19, 2012.

<http://www.queenscampaighner.com/2012/07/bayside-reacts-to-post-offices-closure-rumors/>.

It would be instructive if the Postal Service could advise the Commission about the cause of the emergency suspensions and relocations and the status of any lease negotiations. Further, the emergency suspensions and relocations may affect the operations of the POStPlan. If post offices are put on emergency suspension or relocated, rather than being included in the POStPlan, then the procedures used in the POStPlan, including the questionnaires and community meetings, will not be followed.

The concern about lease negotiations is well-founded. If the Postal Service fails to negotiate leases for post offices, it can then issue a suspension. That suspension can result in a discontinuance. This strategy permits the Postal Service to close post offices without going through the discontinuance process, which provides for input from the community and the opportunity to appeal the determination to close to the Commission. The lease negotiations/suspensions maneuver should not be used as a substitute for the formal discontinuance process.

CONCLUSION

The Postal Service has devised the POSTPlan as a top-down, data base driven, management proposal. The Postal Service has not supported the POSTPlan with any information about the communities served by the post offices included in the POSTPlan. The Postal Service is not relying on any specific cost savings to justify the POSTPlan and there apparently is no estimate as to how revenues will be affected. As a result, the POSTPlan contains no information or explanation as to how realigning hours will affect actual postal customers. Further, the record does not show that the POSTPlan will improve the financial situation of the Postal Service. If there are revenue declines as a result of the POSTPlan, the result could be even more financial losses for the Postal Service.

To the extent that the POSTPlan is motivated by the Postal Service's efforts to improve its financial condition, the Postal Service has provided no profit-and-loss calculations or any other substantive estimates concerning the effects of the POSTPlan on the Postal Service's revenue, costs and net income. A fundamental change in managing retail post offices should be based on substantive analysis and management expertise, rather than a complex algorithm.

Finally, the Postal Service should not use stringent lease negotiations, suspensions and relocations as mechanisms to reduce postal service. If postal customers observe continuing efforts by the Postal Service to make access more difficult and inconvenient, they will become increasingly frustrated and seek other alternatives. The combination of measures that reduces confidence in and availability of postal services likely will further degrade the financial condition of the Postal Service.

Respectfully submitted,

/s/ Elaine Mittleman

Elaine Mittleman

2040 Arch Drive

Falls Church, VA 22043

(703) 734-0482

elainemittleman@msn.com